

Week of January 18th to 22nd, 2021



Legislative Update

January 22nd is the 12th day of the legislative session and 1002 bills have been introduced.

The City of Scottsdale is currently tracking 72 bills that have potential impact to municipal functions.

Legislative Action:

The House and Senate entered their second week of the session. The House concluded its first deadline on Thursday for the introduction of new bills. Earlier this week work in the House slowed after at least two House staff members tested positive for COVID-19. Rumors swirled that other staff members and legislators were also suspected of testing positive. As a result, all Democrat members and a few Republican members did not take to the floor - resulting in a lack of a quorum and all planned floor action was canceled for the day. Business continued as usual for the remainder of the week.

Other Key Issues:

Short Term Rentals – Representative Kavanagh introduced two short-term rental bills yesterday (HB 2481 and HB 2482). HB 2481 is similar to the bill Senator Brophy McGee introduced last year (SB 1554) and HB 2482 is similar to Representative Kavanagh's own bill from last year.

Groundwater Remediation – The City of Scottsdale's groundwater remediation bill (HB 2614) was introduced on Thursday by Representative Joanne Osborne (R- Goodyear). An identical bill will be introduced in the Senate in the coming week. A description of the provisions of HB 2614 is below.

New Legislation

HB 2127 – Appropriation; State Parks; Heritage Fund – Appropriates \$10 million from the general fund in FY2021-22 to the Arizona State Parks Heritage Fund. The Legislature reinstated the Heritage Fund in 2019 but did not provide any funding. If funded, the Heritage Fund would provide funding for State Parks, historic preservation projects, trails, and outdoor and environmental education.

Status: *Introduced by Representative Joanna Osborne (R-Goodyear) and has been assigned to the Military Affairs & Public Safety committee.*

Recommendation: *Support.*

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HB 2310 – Municipalities; Counties; Law Enforcement Budgets – Would require the Attorney General to investigate any budget reduction of at least ten percent below the previous year's budget for law enforcement agencies, upon request of a member of the Legislature, and require restoration of the budget reduction within 30 days. If the budget is not restored within 30 day, upon notification by the Attorney General, the State Treasurer must withhold and redistribute state shared monies from the county or municipality in an amount equal to the reduction of the law enforcement agency's budget.

Status: *Introduced by Representative Bret Roberts (R-Maricopa) and has not been assigned to a committee.*

Recommendation: *Pending.*

HB 2481 – Short-Term Rentals; Enforcement; Penalties – Would modify the list of regulations that counties and municipalities are authorized to impose on vacation rentals or short-term rentals to include:

- A requirement for the owner of a short-term rental to license or register with the county or municipality.
- The ability to restrict the occupancy of a short-term rental to the lesser of the occupancy limit of the county or municipality or two adults per bedroom plus two additional adults.
- Prohibiting short-term rentals from advertising to exceed the occupancy limit of the dwelling or for any nonresidential use.
- Allowing counties and municipalities to impose a civil penalty for each day a property is in violation of this advertisement prohibition and provides that an online lodging operator that falsifies information to an online lodging marketplace is guilty of a petty offense.

Status: *Introduced by Representative John Kavanagh (R-Fountain Hills) and has not been assigned to a committee.*

Recommendation: *Support.*

HB 2482 – Regulation; Short-Term Rentals– Would modify the list of regulations that counties and municipalities are authorized to impose on or short-terms rentals to include:

- Requiring contact information for the owner of the rental to be posted on the front door or in another location on the property that is visible and accessible to the public;
- Restricting the maximum number of adult occupants allowed on the property at one time to the lesser of the occupancy limit established by the county or municipality or no more than 2 adults per bedroom, up to 4 bedrooms, plus 2 additional adults per 1,000 square feet of livable space in excess of 3,000 square feet of livable space;
- Requiring the installation of safety and monitoring equipment that monitors and detects noise and notifies the owner if noise is unreasonable or in violation of a noise ordinance; prohibiting smoking outside within 100 feet of a residential structure; restricting occupants from checking in without the presence of the owner or the owner's designee;
- Prohibiting occupants from parking on public or private streets if on-property parking is available.

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- Short-term rentals cannot advertise to exceed the occupancy limit of the dwelling or for any nonresidential use and are required to display the transaction privilege tax license in any online advertisement for rental of the unit. Establishes penalties for violations.

Status: *Introduced by Representative John Kavanagh (R-Fountain Hills) and has not been assigned to a committee.*

Recommendation: *Pending.*

HB 2614 – Remediated Water; Groundwater; Use – Will extend the current exemption for the pumping groundwater for remediation in specific instances from 2025 to 2050. The bill also provides the exemption is applicable only to water providers that had been granted the pumping authority by the Arizona Department of Water Resources prior to January 1, 2010.

Status: *Introduced by Representative Joanna Osborne (R-Goodyear) and has not been assigned to a committee.*

Recommendation: *Support. This is the City of Scottsdale's bill.*

SB1223 – Noxious Weeds; Government Projects – Would authorize the state, state agencies, political subdivisions, and any other governmental entity to remove "noxious weeds" including Russian olive and salt cedar trees, as part of routine maintenance operations and capital projects. The state, state agencies, political subdivisions, and any other governmental entity are prohibited from using noxious weeds, including Russian olive and salt cedar trees, in landscaping.

Status: *Introduced by Senator Sine Kerr (R-Buckeye) and is scheduled to be heard in the Natural Resources, Energy and Water committee on January 27th.*

Recommendation: *Support.*

SB1334 – Fireworks; Aerial Devices – Would expand the definition of "permissible consumer fireworks" in a county with a population of more than 500,000 persons to include "multiple-tube aerial devices".

Status: *Introduced by Senator David Gowan (R-Sierra Vista) has not been assigned to a committee.*

Recommendation: *Oppose. Scottsdale has been opposed to these types of bills to better protect the McDowell Sonoran Preserve from wildfire.*

Legislative Update

Updates on Existing Bills

HB 2285 – Online Home Sharing; Repeal – Would repeal statutes which forbid municipalities and counties from prohibiting vacation rentals or short-term rentals and limiting the restrictions that municipalities and counties may place on those rentals to a list of specified purposes.

Status: *Introduced by Representative Aaron Lieberman (D-Paradise Valley) and has not been assigned to a committee.*

Recommendation: *Support*

HB 2108 – Telecommunications; Public Highways; Fees – Would prohibit cities from requiring an annual telecommunications fee based on the number of linear feet of trench in public rights-of-ways in which the telecommunications company has placed small cell wireless facilities.

Status: *Introduced by Representative Jeff Weninger (R-Chandler) and passed the House Commerce Committee on Tuesday, January 19th.*

Recommendation: *Oppose. As written the legislation would negatively conflict with city ordinances and annual revenues base on these fees. Scottsdale staff are working with a municipal stakeholders group to identify amendments that would remove opposition to the bill if adopted.*

HB 2161 – Tourism Marketing Authorities – Allows the governing body of one or more municipalities and/or a county with a population of less than 2 million persons (all but Maricopa County) to adopt a resolution, upon presentation of a petition signed by the owners of at least 67 percent of the transient lodging rooms in the geographic area, forming a “tourism marketing authority” to promote and enhance tourism in that geographic area. Establishes powers and duties of a tourism marketing authority, including authorization to levy an assessment of up to \$5 per room on transient lodging rooms sold per night. A tourism marketing authority is governed by a board of directors, and budgeting, recordkeeping and reporting requirements for the board are specified. Establishes a process for termination of a tourism marketing authority

Status: *Introduced by Representative Steve Kaiser (R-Phoenix) and will be heard in the House Commerce Committee on Tuesday, January 26th.*

Recommendation: *Neutral*

HB 2211 – TPT; Prime Contracting; Exemptions – Would change the methodology used for contractors to pay transaction privilege taxes (TPT) for prime contracting. The legislation proposes to exempt home reconstruction from the current prime contracting provisions if the construction does expand the footprint of the existing structure. The construction taxes for these exempted projects would then be paid at the point of sale.

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Status: *Introduced by Representative Regina Cobb. HB 2211 has been assigned to the Ways and Means committee.*

Recommendation: *Oppose. This is part of the City of Scottsdale's Legislative Agenda*

HB 2248 – Corporation Commission; Electric Generation Resources – Would prohibit the Arizona Corporation Commission, without express legislative authority, from adopting or enforcing a policy, decision or rule that directly or indirectly regulates the types of "critical electric generation resources" (defined) used or acquired by public service corporations within Arizona's energy grid. Does not apply to any policy, decision or rule adopted before June 30, 2020. The bill does not prohibit the ACC from setting electricity rates for public service corporations. Retroactive to June 30, 2020.

Status: *Introduced by Representative Gail Griffin (R-Hereford) and will be heard in the House Natural Resources, Energy & Water Committee on Tuesday, January 26th.*

Recommendation: *Oppose. This legislation appears to conflict with previous and pending issuances of support by the Council on the energy rules. Staff is further analyzing but wanted to bring it to the Council's attention due to timing.*